

Fair Political Practices Commission

Memorandum

To: Chairman Randolph, Commissioners Blair, Downey, Huguenin, and Remy

From: Chris Espinosa, Executive Fellow
Whitney Barazoto, Legislative and Communications Coordinator
Mark Krausse, Executive Director

Subject: Legislative Report

Date: March 30, 2006

New Assembly and Senate bills are now moving through their respective policy committees. Commission-sponsored AB 2112 (Karnette), regarding private party requests for civil action, passed the Assembly Elections Committee on March 29, and is now heading to the Appropriations Committee.

ACTION ITEMS

AB 2771 Leno Political Reform Act of 1974: electronic filing I-02/24/2006
This bill would make findings and declarations of the Legislature regarding the failure of the Secretary of State to provide free online or electronic filing for entities required to file online or electronically by the Political Reform Act. The bill would delete the current limitation on the Secretary of State's ability to provide additional or enhanced functions or services for free online or electronic filing. The bill would also delay the online or electronic filing requirements for certain general purpose committees and slate mailer organizations with cumulative contributions and expenditures less than \$50,000 over 3 years until January 1, 2010, or until the first filing due more than 6 months after the Fair Political Practices Commission has certified that the free online filing processes developed by the Secretary of State are sufficiently simple to access and use.
Status: Set for hearing: 4/18/06 Assembly Elections Committee
Recommended Position: Support as proposed to be amended

SB 1265 Alquist Political Reform Act of 1974: income disclosure, filing A-03/13/2006
This bill would add layers of Statement of Economic Interests disclosure categories for reporting income to a business entity. The new categories range from \$10,000 to \$1 million or more. It would also require candidates for and incumbents of elective state offices to file online or electronically as required by the Commission. The bill provides that the Commission shall develop the process for free online or electronic filing by December 31, 2007.
Status: Set for hearing: 4/19/06 Senate Elections Committee
Recommended Position: Support if amended to add funding

INFORMATIONAL ITEMS

Bills Amending the Political Reform Act			
Bill No.	Author	Title	Introduced/Amended

AB 583 Hancock California Clean Money and Fair Elections Act of 2005 A-02/14/06
This bill would enact the California Clean Money and Fair Elections Act of 2006, which would authorize eligible candidates, as defined, to obtain public funds according to specified procedures and requirements,

provided that certain thresholds are attained. It would add contribution limits that limit contributions to a candidate for statewide elective office who does not participate in Clean Money Fund funding. The bill would impose responsibility for the administration of the provisions of the bill on the Fair Political Practices Commission. It would also create the Clean Money Fund, and commencing on July 1, 2008, would transfer an amount per California resident 18 years of age or older, from the General Fund to the Clean Money Fund for the purpose of the public financing provisions of this act. This bill would make funding for the administrative and enforcement costs of the act subject to the appropriation by the Legislature.

Status: Set for hearing: 4/19/06 Senate Elections Committee

Position: None taken

AB 709 Wolk Candidate-controlled ballot measure committees A-06/28/05

Imposes a \$5,600 limit on contributions to ballot measure committees controlled by elective state office candidates. Primarily formed ballot measure committees would be subject to the post-election fundraising restrictions in the Act. The bill aggregates contributions to multiple ballot measure committees in support of, or in opposition to, the same ballot measure that are controlled by the same state candidate. It would also require the Secretary of State to submit the bill's provisions to the voters at the November 8, 2005 election.

Status: Passed Assembly, now in Senate Elections Committee

Position: Support

AB 1391 Leno Campaign disclosure: general purpose committees A-08/18/05

This bill clarifies whether a general purpose committee is a state, county or city general purpose committee. Recent amendments add additional layers of Statement of Economic Interests income disclosure to include categories from \$100,000 to \$2 million. These amendments also expand upon an existing prohibition against personal use of campaign funds.

Status: Passed Assembly, now in Senate Elections Committee

Position: Sponsor section 2. Support if amended section 1.

AB 1558 Wolk Pilot project: financial interests in public contracts A-01/31/06

This Commission-sponsored bill would initiate a pilot project to allow the Commission to fully respond to conflict of interest advice-seeking public officials by discussing not only the law under the Commission's jurisdiction but also a related Government Code provision (section 1090) under which the official could potentially be liable.

Status: Passed Assembly, now in Senate

Position: Sponsor

AB 1759 Umberg Campaign Expenditures Disclosures A-01/19/06

This bill would require committees other than primarily formed committees to disclose contributions or independent expenditures totaling \$5,000 or more to support or oppose the qualification or passage of a single state ballot measure within 10 business days of making the contribution or independent expenditure. The bill intends to close loophole that allows ballot measure proponents to delay disclosing their financial supporters by funding a ballot measure campaign through a general purpose committee. The contents of this bill are almost identical to AB 938 (Umberg), which passed both houses and was vetoed by the Governor. However, AB 1759 appears to address the Governor's veto message by lowering the threshold of \$10,000 (as it appeared in AB 938) to \$5,000 as it currently reads in AB 1759.

Status: Passed Assembly, now in Senate

Position: None taken

AB 2112 Karnette Political Reform Act of 1974: civil actions I-02/17/2006

This Commission-sponsored bill would reduce the number of 120-day demands that may be filed by an individual or group to 10 within any previous 12-month period and specify that a civil action by the individual or group is prohibited if the Commission issues an administrative order or publishes a declaration of no violation. It would require that the individual or group notify the respondent when a demand is made. The bill would also require that a court consider Commission rules and regulations in determining a judgment amount in cases brought under the civil action provisions.

Status: Passed Assembly Elections Committee, to Assembly Appropriations Committee

Position: Sponsor

AB 2219 Torrico Political Reform Act of 1974 I-02/22/2006

This bill would require all committee accounts regulated by the Political Reform Act to collect the interest accrued by these accounts and pay the collected amount to the State Treasury for appropriation to the Commission. These appropriated funds would be in addition to appropriations already specified in the Act for the Commission and could be expended only to carry out the parts of the Act that regulate electoral and campaign processes relating to ballot propositions.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

AB 2269 Hancock Statewide initiative measures I-02/22/2006

This bill would establish a process for amending a qualified initiative measure and require that a notice be placed at the top of each statewide ballot initiative petition to state that the proponent may amend the measure at a later time. The bill also requires the Attorney General to identify and place notice on measures that conflict with each other, and it requires the Secretary of State to group these measures together in the same part of the ballot.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

AB 2275 Umberg Campaign expenditure disclosures I-02/22/2006

This bill deletes all references to the Department of Information Technology found within the provisions specifying the process for establishing online and electronic disclosure systems. (Spot bill.)

Status: Set for hearing: 5/2/06 Assembly Elections Committee

Position: None taken

AB 2363 Nation Political Reform Act of 1974: campaign statements I-02/23/2006

Existing law requires that campaign statements be filed with the Secretary of State in the form of an original and one copy of the statement. This bill would eliminate the "and one copy" requirement. This will be the vehicle for the Secretary of State to implement its Task Force recommendations.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

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AB 2432 Montanez Public officials: financial reporting duties I-02/23/2006

This bill would add additional layers of Statement of Economic Interests disclosure categories for reporting income and investments or interests in real property. The new categories range from \$50,000 to \$10 million or more.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

AB 2627 Karnette Political Reform Act of 1974: conflict of interest code I-02/24/2006

This bill would designate the county board of education instead of the county board of supervisors as the conflict of interest code reviewing body for a school district in a multi-district county, a community college district, a county office of education, or a school-related joint powers authority located wholly within a single county. It would also designate the Superintendent of Public Instruction as the code reviewing body for a county board of education, a county office of education of a county with only a single school district, or a school district of a county with only a single school district.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

AB 2688 McCarthy Political Reform Act of 1974: committees I-02/24/2006

This bill makes technical, nonsubstantive changes to the provision that defines the term "committee."
(Spot bill.)

Status: Introduced in Assembly

Position: None taken

AB 2689 McCarthy Political Reform Act of 1974: committees I-02/24/2006

This bill makes technical, nonsubstantive changes to the provision that defines the term "committee."
(Spot bill.)

Status: Introduced in Assembly

Position: None taken

AB 2776 Plescia Political Reform Act of 1974: disclosures I-02/24/2006

This bill would allow radio advertisements for ballot measures to disclose contributor information by a recording accessible by toll-free telephone call instead of by the current requirement that the disclosure be spoken at the end of the ad.

Status: Set for hearing: 5/2/06 Assembly Elections Committee

Position: Oppose

AB 2801 Saldaña Political Reform Act of 1974: collection of fines I-02/24/2006

This Commission-sponsored bill creates an expedited procedure to obtain a judgment to collect unpaid fines imposed by the Commission.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: Sponsor

AB 2902 Nunez Campaign disclosure I-02/24/2006

This bill would require the Secretary of State to include in its report to the Legislature a discussion of the development of a method of online disclosure that is free of charge to the filers and to maintain online filings for 10 years, after which the information must be archived.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

AB 2964 Levine Political Reform Act of 1974: independent expenditure I-02/24/2006

This bill would require that a late expenditure be reported within 12 hours rather than the currently required 24-hour time period.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

AB 2974 Wolk Political Reform Act of 1974: lobbying communications I-02/24/2006

This bill would add to the lobbying disclosure required in quarterly reports a separate accounting of payments of over \$1,000 made to another firm or person for purposes of influencing legislative or administrative action or communicating with any elective state official, legislative official, or agency official.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

AB X1 8 Umberg Initiatives: Ballot pamphlets I-07/12/2005

This bill would require the cover of the ballot pamphlet for any statewide special election called by the Governor on a redistricting initiative measure to include an estimate by the Legislative Analyst's Office of the costs to the state and local governments to conduct the special election.

Status: Introduced in Assembly (First Extraordinary Session)

Position: None taken

SB 11 Bowen Contributions: voting equipment manufacturers/vendors A-06/02/05

This bill prohibits a candidate for elective state or local office from accepting any contributions from a manufacturer or vendor of voting equipment or systems. This bill also amends the Elections Code to declare that the Secretary of State cannot serve as an officer of a political party or partisan organization, or support or oppose any candidate or ballot measure.

Status: Passed Senate, now in Assembly Elections Committee

Position: Oppose unless amended

SB 145 Murray Contributions A-03/14/05

This bill would authorize an elected state officer to accept contributions after the date of the election to the office presently held for the purpose of paying expenses associated with holding office or for any other purpose authorized by the Political Reform Act of 1974, subject to certain limitations. The bill would set limits on the amount of contributions that may be made to an elected state officer in a calendar year and on the aggregate amount of contributions that a state officer may receive in a calendar year.

Status: Passed Senate, now in Assembly Appropriations Committee

Position: Neutral

SB 784 Committee Campaign contributions and expenditures A-05/17/05

This bill extends the reporting threshold and deadline for payments for legislative, governmental, or charitable purposes made "at the behest of" an elected official from \$5,000 to \$7,000 and from 30 days to 90 days, respectively. It also specifies that such a payment made in response to a press release, interview, or other media-related communication from an elected official is not required to be reported. In addition,

it adds that an elected official is required to report such a payment only if he or she knows, or has reason to know, that a payment was made at his or her behest.

Status: Passed Senate, now on Assembly Floor

Position: Neutral

SB 1120 Ortiz Fair Political Practices Commission: funding I-01/04/06

This bill would increase Commission funding to an annual appropriation of \$9,000,000. It would also specify that if a provision of the Political Reform Act is successfully challenged, any attorney's fees and costs shall be paid from the General Fund and the Commission's budget shall not be reduced accordingly. If passed, the bill would take effect on July 1, 2007.

Status: Set for hearing: 4/5/06 Senate Elections Committee

Position: Sponsor

SB 1354 Dunn Political Reform Act of 1974: corporate contributions A-03/27/2006

This bill would require a corporation that directly or indirectly makes political contributions or expenditures to report those contributions or expenditures to shareholders and to refund to objecting shareholders or to charity a pro rata share of those contributions or expenditures, based on the shareholders' proportionate ownership interests. It would require corporations to maintain records of the reports on these political contributions or expenditures for five years, and make them available to the Commission on request.

Status: Set for hearing: 4/5/06 Senate Elections Committee

Position: None taken

SB 1413 Battin Political Reform Act of 1974: committees I-02/22/2006

This bill makes technical, nonsubstantive changes to the provision that defines the term "committee." (Spot bill.)

Status: Introduced in Senate

Position: None taken

SB 1459 Simitian Political Reform Act of 1974: Insurance Commissioner I-02/23/2006

This bill would enact the Insurance Commissioner Election Accountability Act of 2006, which would authorize eligible Insurance Commissioner candidates to obtain public financing from a fund made up of fees collected from insurers, reimbursements, and interest, provided that certain thresholds of public support are shown. The bill would impose responsibility for its administration on the Fair Political Practices Commission and provide specified penalties for violations of its provisions. This bill would require the Secretary of State to submit the provisions of this bill that amend the Political Reform Act to the voters for approval at the June 3, 2008, statewide primary election.

Status: Set for hearing: 4/5/06 Senate Banking, Finance and Insurance Committee

Position: None taken

SB 1579 Committee Political Reform Act of 1974: disclosures I-02/23/2006

This Commission-sponsored bill would delete an obsolete cross-reference to a section that was repealed in 2000. This bill will be amended to add the following two Commission-sponsored provisions: 1) an amendment to clarify the treatment of a reference to a repealed provision regarding officeholder accounts, and 2) an amendment to the definition of "investment" to exclude defined benefit pension plans.

Status: Introduced in Senate

Position: Sponsor

SB 1693 Murray Political Reform Act of 1974: donors I-02/24/2006

This Commission-sponsored bill would increase the major donor reporting threshold, from \$10,000 to \$30,000. It would also increase the threshold for major donor notification from \$5,000 to \$15,000.

Status: Set for hearing: 4/5/06 Senate Elections Committee

Position: Sponsor

SB 1760 Bowen Political Reform Act of 1974: electronically filed reports I-02/24/2006

This Commission-sponsored bill would expressly authorize the Franchise Tax Board and Commission to audit electronically filed reports and statements.

Status: Set for hearing: 4/5/06 Senate Elections Committee

Position: Sponsor

Bills Not Amending the Political Reform Act

Bill No.	Author	Title	Introduced/Amended
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AB 1568 Torrico County employees: retirement boards A-02/23/2006

This bill prohibits a member or employee of a retirement board, established pursuant to the County Employees Retirement Law of 1937, from selling or providing any investment product to the retirement system. It requires these boards to provide ethics trainings to all members if the board provides compensation, salary, stipend, or expense reimbursement to the members. If curricula are developed by the board, then it must consult with the Fair Political Practices Commission and the Attorney General regarding the sufficiency and accuracy of the proposed content. (This consultation provision is similar to that in AB 1234, which was chaptered in 2005. See "Chaptered Bills" section below.)

Status: Introduced in Assembly

Position: None taken

AB 2574 Nunez Fair Political Practices Commission: report I-02/23/2006

This bill would require the Commission to review the lobbying provisions of the Political Reform Act and make recommendations to the Assembly and Senate Elections Committees by December 31, 2007, as to whether changes should be made to those provisions to better serve the purposes of the Act.

Status: Set for hearing: 4/18/06 Assembly Elections Committee

Position: None taken

SB 1757 Ortiz FPPC investigators: powers of arrest I-02/24/2006

This bill would give Commission investigators the power to arrest when their primary duty is to enforce and investigate violations of the Political Reform Act.

Status: Introduced in Senate

Position: None taken

SCA 13 Ortiz Biomedical research A-06/08/05

The California Stem Cell Research and Cures Act (Proposition 71) established the California Institute for Regenerative Sciences and the Independent Citizens Oversight Committee to perform various oversight functions with regard to the Institute. Members of the ICOC are required to file statements of economic interest with the FPPC. This constitutional amendment would require that the president and each employee of the Institute disclose various economic interests and file with the FPPC. It further requires that a member of any working or advisory group appointed to assist the institute or its governing body

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disclose his or her income and investments in any entity that has sought funding from the institute or that is engaged in biomedical research.

Status: In Senate (Placed on Inactive file)

Position: None taken

SCA 17 Speier State officers: outside income

A-08/15/05

This bill would amend the California Constitution to prohibit a state officer from providing services under contract or otherwise accepting employment, other than performing the duties of his or her state office for compensation from the state, in exchange for compensation or other valuable consideration to that state officer or to any other party or entity.

Status: Introduced

Position: None taken